

WASHINGTON D.C. — This morning, Congressman Tim Walz announced that the House "Quality Care Coalition," of which Walz is an active member, has received final word that the "low-cost, high quality" provisions in the tentative deal reached this summer between the coalition and House Leadership will be included in the final House health care reform bill. The legislation is expected to come before the House this fall for a vote and the deal fixes the inequities and disincentives in the way Medicare reimburses doctors and hospitals.

"This fix, that pays for results, is a very positive step that improves the quality of care for ordinary Americans, while also making health care more affordable," said Walz. "Today is a win for doctors and hospitals in Minnesota who are consistently delivering low-cost, high-quality care to patients, but more importantly, by shifting the system to encourage higher quality care, we've achieved a win for patients."

"This agreement to address and correct unjustified variation in Medicare payments based only on geography is important for health care providers across the country," said Dr. Robert Nesse, President and CEO of Franciscan Skemp Healthcare / Mayo Health System. "Congressman Kind and Congressman Walz were national leaders in the effort to gain this agreement and we thank them for their efforts. We look forward to participating in a new Medicare payment system that supports and rewards high quality care delivered in the most cost effective way to our patients."

The deal requires the independent Institute of Medicine (IOM) to recommend and then the Secretary of Health and Human Services to implement two fixes for health care providers in the Medicare reimbursement system:

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- The geographic disparities fix: addresses geographic disparities in the Medicare reimbursement formula which cause some doctors to receive higher reimbursements for Medicare patients strictly because of location.
- The pay for results fix: it makes recommendations to reform Medicare to pay doctors and hospitals based on their success in making patients well, rather than on the quantity of tests, office visits and other services they provide. This is essential to cut costs and because Medicare will incentivize doctors to provide these higher quality, lower cost services it will help seniors get well faster and stay well longer. The deal implements the findings of this IOM review through an automatic process unless a supermajority of the Congress moves to block

implementation. There is immense political pressure from Members whose states benefit from these inequities to prevent these changes. This deal makes the changes data-driven and ensures that a few powerful members can't block needed reform without the consent of two thirds of their colleagues.

Last year, the world-renowned Mayo Clinic lost \$840 Million by serving Medicare patients because of this broken reimbursement formula. At the same time, as much as 30% of health care costs are wasteful and do not make a difference in the health of patients.

This past June, Congressman Walz and the rest of the Minnesota delegation sent a joint letter to President Obama that highlighted how Minnesota's hospitals, doctors and patients are being punished for delivering low-cost, high-quality care in our current Medicare reimbursement system and asked the President to help fix this inequity in any health reform legislation. The Quality Care Coalition previously announced this deal had tentatively been reached. Today's announcement confirms that the deal has been solidified and will be in the health care reform bill that comes before the House this fall.